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# APPENDIX A

(ATTACHMENT)

## RNG TARIFF OVERVIEW

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# **RNG TARIFF SETTLEMENT AGREEMENT OVERVIEW**

June 12, 2020

# RNG Tariff – Proposed Program Overview

## Voluntary Core Customer RNG Tariff

- Joint SoCalGas/SDG&E filing for “core” residential and non-residential customers, includes CARE customers at reduced rate
- Provides decarbonization options for buildings

## Monthly RNG Consumption by Dollar Amount or Percentage

- **Residential customers** designate a maximum dollar amount per month
  - CARE customers offered a lower dollar amount option
- **Non-residential customers** have same option or can select a percentage (25%, 50% or 100%) of their monthly natural gas usage to be RNG

## Enrollment

- Website to help customers understand bill impact of RNG election
- Customers enroll online and receive ‘welcome email’ explaining program
- Marketing will include EE materials and marketing efforts will be coordinated
- 60 day cooling-off period after enrollment

## Funding

- Marketing and Administration costs are paid by participants in the RNG Tariff
- Billing system upgrades funded through existing IT capital funds
- Cost recovery in the event of program ending is an open issue

# Settlement Agreement Overview

## Creates Procurement Advisory Group (PAG)

- Energy Division, the Public Advocates Office, The Utility Reform Network, and any other interested nonmarket participant (with an NDA)
- Consulted at a minimum:
  - Prior to release of each solicitation for RNG supplies,
  - Prior to selection of an RNG supplier,
  - Prior to submission of the first annual report
- Utilities will procure only RNG that has lower carbon intensity than the carbon intensity of traditional natural gas
- Utilities will develop a bid evaluation methodology for RNG supplies including, among other things, lifecycle GHG emissions using a \$/ton ranking

## Pathway to Update RNG Standards

- Subsequent changes to the Applicable Standards or state regulation of RNG applicable to the RNG procured will initiate consultation with the PAG and potential Tier 2 Advice Letter describing if and how Utilities will comply going forward

## Program Review at 3 years

- Utilities will submit a Tier 3 advice letters three years after program initiation to request continuation
- Utilities shall demonstrate the RNG Tariff program has resulted in reduced GHG emissions compared to a business-as-usual calculation
- If the Commission does not approve a continuation, Utilities will wind down the program within 2 years

# Settlement Agreement Overview

## 50% of RNG Tariff demand from in-state sources

- At least half of the in-state supply is from sources other than landfill gas.
- The average cost of the in-state RNG supply portfolio is subject to a limit of 200% of the average cost of the total out-of-state portfolio
- After the first solicitation, the PAG can decide to raise the in-state average cost limit up to 250% to accommodate in-state non-landfill supplies under certain conditions
- If there are no qualifying in-state landfill offers in any instance, demand will be met with out-of-state RNG until the next solicitation
- Average costs shall be the mean price of all contracts used to meet demand within each portion (in-state and out-of-state) of the portfolio.

# Settlement Agreement Overview

## Measurement and Verification

- Utilities will require RNG suppliers to provide lifecycle GHG emissions calculations in accordance with the CA-GREET model used by the LCFS program to evaluate the carbon intensity of RNG supply choices
- Program will comply with CARB Cap & Trade regulations for purchasing biomethane and reporting on sources
  - Requires RNG from an increase in the biomass derived fuel production capacity; or recovery of the fuel at a site where the fuel was previously being vented or destroyed for at least three years
- Utilities will retain an independent third-party verification company to verify that the RNG carbon intensity information provided by the RNG suppliers is consistent with the LCFS methodology.

## Marketing Materials to be submitted for approval

- Education and outreach materials will be submitted for review as a Tier 2 Advice Letter

## Reporting

- **Quarterly reporting to CPUC** - Statistics on program participation, customers enrolled, customers dis-enrolled, sources/locations of RNG, and amount of RNG sold by customer type
- **Annual reporting to program participants** - GHG reductions (if possible), environmental benefits of RNG, sources/locations of RNG, California GHG goals and how RNG helps with those goals
- **SoCalGas website** – to contain RNG source information, Feedstock type and Carbon Intensity; Bill Impact Calculator to help with subscription selection